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Held at Headquarters, New York, on Wednesday, 24 October 2012, at 10 a.m.

Chair: Mr. Stefanile (Vice-Chair) ..... (Italy)

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In the absence of Mr. Talbot (Guyana), Mr. Stefanile (Italy), Vice-Chair, took the Chair

The meeting was called to order at 10.15 a.m.

Agenda item 18: Macroeconomic policy questions (*continued*)

(a) International trade and development (A/67/183, A/67/184, A/67/15 (Part I), A/67/15 (Part II), A/67/15 (Part III) and A/67/15 (Part IV))

(b) International financial system and development (A/67/187)

(c) External debt sustainability and development (A/67/174)

1. **Mr. Garcia González** (El Salvador) said that his country attached great importance to efforts being made by the international community to mitigate the consequences of the global economic crisis. The Latin American and Caribbean countries were better prepared to face those challenges than they had been in 2008. From increased exports to family remittances, to the positive impact of bilateral and multilateral cooperation projects, such as the joint Partnership for Growth with the United States of America, intraregional relations were proving to be a valuable tool for recovery.

2. Since the onset of the global economic crisis in 2008, developing countries had stressed the importance of access to international markets, and the need to refrain from imposing trade barriers and other protectionist measures. The principle of common but differentiated responsibilities should prevail. In that connection, both the Monterrey Consensus and the Doha Declaration on Financing for Development were key instruments in alleviating poverty, promoting multilateralism and consolidating trade and cooperation for development.

3. His delegation believed that additional efforts should be undertaken to align those processes with the actions and decisions to be taken in the coming months by the United Nations on the post-2015 development agenda. It called for progress to be made at the Doha Round with a view to ending discrimination in the international trading system, and for effective technology transfers to allow developing economies to strengthen their national capacities.

4. His country likewise reaffirmed its support for processes aimed at reforming global economic governance structures, including the international monetary and financial architecture. With regard to foreign debt sustainability, a debate was being held in his country on the types of instruments that could be used to achieve stability in key sectors of the economy.

5. Lastly, the specific needs and concerns of middle-income countries should continue to be addressed, including in the context of the quadrennial comprehensive policy review. His Government reiterated its willingness to implement the "Delivering as one" approach, in collaboration with the United Nations Development Group and in keeping with its particular needs and priorities.

6. **Mr. Favero** (Brazil) said that the global economy was undergoing structural changes that would shape the decades ahead in unpredictable ways. The past year had seen the banking and sovereign debt crises in the European Union grow worse, fiscal difficulties in the United States of America persist without meaningful resolution, and food and energy price volatility, coupled with unstable capital flows, complicate the many challenges already facing the world. While developing economies would most likely continue to be the main engine for world economic growth in the short and medium terms, they would face decelerating rates as they attempted to mitigate the effects of the crisis in the developed world through monetary and fiscal policy adjustments.

7. According to the International Monetary Fund (IMF) and the World Trade Organization (WTO), international trade would grow only 2.5 per cent in 2012, well below the 5 per cent expansion rate in 2011, and for the first time in decades lower than aggregate global gross domestic product (GDP) growth rate, estimated at 3.3 per cent in 2012. In order to prevent a deepening of the recession and to stimulate global demand, coordination between Member States, international financial institutions and the Group of 20 (G-20) must be strengthened and aimed at reconfiguring the relationship between fiscal and monetary policy.

8. Effectiveness was arguably a function of the legitimacy enjoyed by the decision-making process, and moving towards more effective and legitimate global governance would require redoubling efforts to reform the Bretton Woods institutions. To that end,

adequate representation for the developing world was essential to strengthening the global financial safety net and mobilizing new and additional resources to promote sustainable growth for debt-burdened countries. Immediate implementation of the IMF Governance and Quota Reform agreed to in 2010 and a comprehensive review of the quota formula to better reflect current global economic realities were therefore critical. It was equally important that the United Nations, in coordination with IMF and the World Bank, should play a central role in ensuring political and policy cohesion in economic and financial matters.

9. In an interdependent world, national economic policies should be subject to mutual scrutiny in order to mitigate undesirable impacts on third countries. The negative spillover effects of monetary easing in the developed world, while understandable, had now been generally recognized. Particularly in reserve currency countries, such policies had done little to spur economic recovery, while posing considerable challenges for developing countries struggling to manage volatile financial flows.

10. Expansionary monetary policies and the ensuing competitive currency devaluations they had unleashed had had the equivalent effect of across-the-board export subsidies and generalized import tariff increases, thereby undermining existing WTO market access commitments. Faced with the threat of an impending recession in the developed world, and without the support of an ambitious and development-oriented outcome to the WTO Doha Round of trade negotiations, many developing countries, including his own, had been obliged to make use of their sovereign rights by adopting defensive measures, such as higher tariffs on a limited number of products. Such moves by Brazil and other members of the Southern Common Market (MERCOSUR) could not properly be termed protectionist as they did not violate WTO commitments and had been taken in response to the artificial competitiveness created by currency manipulations.

11. His delegation believed that all forms of trade manipulation should be resisted. In that connection, it called on the international community to step up efforts to conclude the Doha Round with a view to achieving an equitable and balanced result in line with its development mandate. New approaches and suggestions to advance the negotiations would be welcome, but they should be balanced and should not depart from the development mandate of the process, which had agriculture at its centre.

12. **Mr. Pisarevich** (Belarus) said that international trade had grown faster than global GDP over the last decade and had the potential to serve as key driver of global development. However, international trade was currently burdened by a host of problems brought about by the global financial and economic crisis and its aftermath. Urgent measures must be taken at all levels to address those problems. Ensuring that the international trading system was inclusive, transparent and equitable, as called for by the thirteenth session of the United Nations Conference on Trade and Development (UNCTAD) in April 2012, would be key. Those principles represented more than mere words for Belarus, which had suffered the practical consequences of economic and trade sanctions imposed on it by the European Union and the United States of America. Such sanctions contravened the Charter of the United Nations and were in violation of international law. In particular, the outcome document of the thirteenth session of UNCTAD, the Doha Mandate, called on Member States to refrain from imposing unilateral economic, financial and trade sanctions.

13. An inclusive international trading system presupposed enhanced access to international markets for developing countries with transitional economies, their full integration into the global economy and their accession to WTO. Furthermore, while discussions of trade and development should not ignore the issue of sustainability, the transition to a green economy should not become a pretext to discriminate against the most vulnerable members of the international trading system.

14. The international financial system, which constituted an integral part of the development agenda, should include all Governments in key decision-making processes, with the Economic and Social Council ensuring effective coordination among the various international financial institutions. Enhancing the effectiveness of the global financial architecture would be impossible without democratization. To that end, his delegation supported the reform of international financial institutions and called for their decision-making bodies to fully reflect existing economic realities. Nor was the task merely a question of redistributing decision-making authority; rather it would involve increasing the availability of financial

resources, regulating capital flows and depoliticizing the activities of financial institutions.

15. The international financial system should lend its active support to middle-income countries such as Belarus, which were particularly vulnerable to volatile international financial markets resulting from the financial crisis. Financial institutions should therefore formulate cooperation strategies with middle-income countries and actively work with them on an individual basis in order to strengthen their national banking and financial systems as a hedge against volatile swings.

16. Lastly, given the anticipated expansion of the international financial system's mandate in support of sustainable development after 2015, it should undertake an active role in the discussion of the United Nations post-2015 development agenda.

17. **Mr. Mohammed Abdullah** (Malaysia) said that in spite of the ongoing global economic crisis, a growing number of countries had registered positive GDP growth in 2011, including Malaysia. Much of the rebound in the real economy was due to the strong fiscal stimulus provided by Governments in developed and developing countries, including his own. Nevertheless, the recovery was uneven and the prospects of sustaining it over the long term were fragile.

18. The international community had agreed, and his country concurred in principle, that supporting the enhanced framework for policy coordination would require progress on several fronts with respect to global economic governance. IMF should extend multilateral surveillance beyond its traditional emphasis on exchange rates; deeper reforms of IMF governance should be implemented in order to bolster the institution's legitimacy, including through greater representation for developing countries in decision-making; clear and verifiable targets for desired policy outcomes should be formulated; and coordination with other areas of global governance, such as development financing and the multilateral trading system, should be improved.

19. His delegation called for the immediate implementation of those recommendations in order to strengthen the international financial system, with a particular focus on ways to further enhance the economic growth of developing countries, particularly the least developed countries. IMF and the World Bank should take further measures to address the historical imbalances that excluded representation by the developing world and to reflect the current reality of the global economy. The Bretton Woods institutions should continue to work on various governance issues; to that end, Malaysia supported comprehensive reform of the international financial architecture.

20. The United Nations system remained central to the global economic governance structure, and small and medium countries had a role to play in setting the global economic agenda alongside the advanced economies. Informal groups such as the G-20 or the Global Governance Group (3G) should focus solely on facilitating and complementing the work of the United Nations.

21. Lastly, the Islamic financial system should be given proper consideration in the process of reforming the international financial system, as its rapid growth and internationalization in recent years had enhanced its role in strengthening international economic linkages between different parts of the world. Malaysia looked forward to the effective and early implementation of international financial system reforms with the inclusion of elements of the Islamic financial system.

22. **Ms. Nazaire** (Haiti) said that the role of free trade in growth and global development over recent decades was well established and broadly accepted. However, major structural and cyclical changes in recent years had jeopardized the future of open, non-discriminatory and rules-based multilateral trade based on the most-favoured-nation treatment, in combination with regional integration and cooperation initiatives.

23. As a founding member of the United Nations, Haiti wished to express its steadfast commitment to multilateralism and to the general principles which had established the General Agreement on Tariffs and Trade (GATT) and WTO. Current challenges to the expansion and flow of international trade should be resolved through broad consultations and cooperation, ideally culminating in consensus, though revisions and reforms to the rules and mechanisms governing WTO should not be ruled out.

24. For small, open economies, the potential benefits of international trade were immense, ranging from tourism to the service industry and the interconnected global production system. Since the 1980s, her country had consistently sought to liberalize its import and

export procedures in order to reduce transaction costs, and had continued to work hard to find its proper place in the global production chain, in particular by attracting foreign investment.

25. However, not all positions in the global value chain were equal, and the greatest benefits often went to developed countries that excelled at high value-added activities such as services or research and development. It was therefore necessary to strengthen industrial capacities in order to integrate developing economies into promising activities that had a higher value-added component, which was the key to more equitable growth. That realization had prompted her Government to accord priority to its national mandatory and free schooling programme in order to enhance the qualifications of the country's human capital, without neglecting the impact of low value-added outsourcing.

26. Haiti welcomed the recent trend towards plurilateralism — doubtless accentuated by the stalemate in the Doha Round. Plurilateral economic and trade groupings could be advantageous for developing countries; however, they should never be any more than a complement to multilateralism. Restrictions on agricultural imports would have the greatest impact on the most vulnerable countries. In order to benefit from the preferential trade agreements designed to offset that, Haiti and other least developed countries would have to develop multifaceted industrial policies for which ODA would be indispensable.

27. As the dysfunction of the financial markets had been triggered by the sovereign debt of developed countries, it would be ironic and disastrous if ODA, already below target before 2008, was further reduced as a result of the global economic crisis.

28. The international community should focus its efforts on reforming the international financial architecture, particularly the regulatory architecture and credit rating agencies which were responsible for the real estate bubble. A reliable external debt restructuring mechanism must be established urgently.

29. Neither their considerable economic progress nor the positive effects of the Heavily Indebted Poor Countries Initiative would be sufficient to lift the least developed countries out of poverty. Serious thought must be given to finding ways and means to relieve them of their huge outstanding debt, largely owed to Government creditors.

30. **Mr. Kushneruk** (Ukraine), referring to the report of the Secretary-General entitled "International financial system and development" (A/67/187), said that the United Nations should play a central role in the international financial system. It was important, however, that all Member States should articulate the same priorities and vision for future work.

31. He expressed concern over the impact of the financial crisis on trade, especially in developing countries, and support for common efforts to resolve the systemic problems crippling the global economy. International trade was a key element of economic and social progress necessary to achieve the Millennium Development Goals (MDGs). Failure to reach a satisfactory conclusion of the Doha Round would jeopardize the achievement of the MDGs and condemn millions of people to continued poverty.

32. Ukraine had long been a steadfast supporter of UNCTAD and its various initiatives to strengthen the trade capacities of its members States. In that regard, he wished to call attention to the launch of an UNCTAD technical project to improve trade and competition legislation in Ukraine. While it was true that the domestic economy had been particularly hard hit by the global crisis, economic growth in 2011 had reached 5.2 per cent, and, according to the World Bank, would stabilize at 3.5 per cent in 2013.

33. Higher external demand would greatly accelerate economic recovery. To that end, his Government was committed to pursuing a tighter fiscal policy and shifting to a more flexible exchange rate policy in order to build resilience to external shocks. A credible policy mix, an improved investment climate and structural reforms were expected to boost long-term growth.

34. Following the global economic crisis, the accumulation of huge emergency reserves in the central banks of many countries had slowed foreign direct investment (FDI). Those reserves should be invested in construction, production and other sectors in order to stimulate economic growth.

35. **Mr. Aksornsawad** (Thailand) said that in light of the momentous changes the world economy had undergone since the onset of the economic and financial crisis in 2008, the international community

should work together to forge a coherent vision for sustainable and inclusive development. Protectionist measures should be resisted at all costs. Greater openness to international trade promoted economic growth and improved the quality of life. His delegation supported a free, fair and rules-based multilateral trading system as an engine to propel growth and alleviate poverty. A successful conclusion to the Doha Round of trade negotiations would provide the world economy with a much-needed economic stimulus as well as insurance against the threat of increased protectionism.

36. He urged countries to put people at the heart of national development strategies, as Thailand had done. Open and inclusive regional economic integration would promote national development strategies, reduce external vulnerabilities, help seed global economic recovery and accelerate sustainable development. In that regard, Thailand was working closely with other members of the Association of Southeast Asian Nations (ASEAN) to achieve a smooth transition to the ASEAN Community in 2015. It also viewed UNCTAD as an important partner to both developed and developing countries in promoting international trade, and supported its role as set out in the Doha Mandate adopted at its thirteenth session.

37. Reforming the international financial system would require a fundamental reappraisal of global economic governance and a determination to prevent another global crisis. The United Nations should play a stronger role in the process. Reforms should focus on increasing transparency, crisis responsiveness and stability in the system. They should also strive to support inclusive development and to prevent crises from spreading. Developing countries were entitled to greater representation as well as voting rights in international financial institutions.

38. In conclusion, he stressed the need to find a fair and comprehensive solution to the external debt problem of developing countries and commended various debt relief efforts, including the Highly Indebted Poor Countries (HIPC) Initiative, the Multilateral Debt Relief Initiative (MDRI) and the UNCTAD Debt Management and Financial Analysis System.

39. **Ms. Tadesse** (Ethiopia) said that the export competitiveness of developing countries had been further eroded by high food and energy prices, ongoing volatility in the currency and commodity markets, high unemployment and the stalemate in the Doha Round of trade negotiations. She called for an early conclusion to the negotiations in order to foster development-friendly trade rules that eliminated non-trade distorting measures and increased market access to products originating in developing countries.

40. The least developed countries had been especially hard hit by the global downturn; their share of world trade was a mere 1.12 per cent in 2011, despite higher commodity prices. Creating a stable and conducive policy environment that promoted productive capacity, structural transformation, technological improvement and job creation, as well as faster integration into the world economy, was critical to overcoming supply side constraints, limited export bases, and tariff and non-tariff barriers that impeded progress towards sustainable development. In particular, streamlining stringent requirements and accelerating the accession of the least developed countries to WTO would go a long way towards integrating them into the world trading system. She wished to reiterate that Ethiopia was committed to finalizing its own accession process in a timely manner.

41. It was regrettable that net ODA flows to the least developed countries had declined by 8.9 per cent in 2011. Mobilizing adequate and predictable resources was therefore critical to enabling the least developed countries to achieve economic growth and sustainable development in order to help lift millions of people out of poverty.

42. **Ms. Bunge** (Argentina) said that her country commiserated with the countries affected by the global economic crisis, as it had itself suffered through a period of extreme economic turmoil 10 years earlier. Only by abandoning the economic paradigms and adjustment measures responsible for 30 years of stagnation had it been able to extricate itself. She credited the turnaround to the application of sound macroeconomic policy and the central role played by the Government in achieving stable, sustainable and inclusive economic development.

43. The current adjustment packages being imposed on troubled economies bore striking similarities to those which had been foisted on her country's own economy in years past. And yet there was no new proof that a high degree of fiscal adjustment in conjunction with an extraordinarily expensive monetary policy

would bring optimal results. A more properly balanced mix of policies should therefore be sought, taking into account the secondary and spillover effects of monetary policies on the economies of developing countries.

44. While the reaction of the member States of the European Union was understandable, too many resources had been poured into containing the crisis in regions that were relatively well off. Rather, top priority should be given to reforming global governance by improving the legitimacy and effectiveness of IMF, strengthening its multilateral and cooperative nature, adjusting its resources to the needs of all its members, and implementing a quota formula in decision-making that better reflected the growing weight of developing countries.

45. As credit rating agencies did not adequately reflect the solvency of debtor countries, their pivotal role should be discussed with the aim of reducing dependency on them and improving their supervision. Lastly, her delegation believed that productive and quality employment was an essential precondition for reducing poverty and social inequality in developing countries. To that end, job-creating policies, including the reduction of agricultural subsidies and tariff protections in developed countries, should be promoted.

46. **Mr. Jawhara** (Syrian Arab Republic) said that, at the Rio+20 Conference, world leaders had reaffirmed that trade was a key engine for development and had stressed the need for a multilateral trade system that was inclusive, equitable and non-discriminatory. It was imperative that policymakers should demonstrate strong political will with a view to translating the outcome of that Conference into tangible results. Steps must be taken to accelerate developing countries' accession to the World Trade Organization (WTO) and developed countries must step up their assistance to developing countries in the areas of market access, aid for trade and trade liberalization.

47. Furthermore, at that Conference, as well as at the thirteenth session of UNCTAD all Governments had recognized the need to immediately end all unilateral measures in the areas of trade, economics and finance that had been imposed by certain countries and entities on developing countries. Those measures violated human rights principles, international law, WTO rules and the Charter of the United Nations, and exacerbated poverty, impeded development, and hindered achievement of sustainable development goals.

48. Foreign occupation and settlement-building activities, including those carried out by the occupying Power in the occupied Syrian Golan and the Occupied Palestinian Territory, also impeded sustainable economic development and caused great human suffering. Occupying Powers placed restrictions on trade and market access by, inter alia, imposing high tariffs on occupied peoples' exports, restricting their imports and imposing measures that hampered job creation.

49. **Mr. O'Brien** (India) said that developing countries had been badly affected by the continuing deceleration in world trade, the sovereign debt crisis in Europe and the recessionary trends in the traditional engines driving the global economy, which had dampened capital markets and diminished ODA flows. It was therefore of the utmost importance that the world collectively undertake growth-promoting policies in order to boost demand and create jobs. Transforming trade into greater income opportunities through job creation was a critical development challenge, particularly given the current deficit of 50 million jobs worldwide. With over 1 billion people living in poverty, inclusive growth had to be a top priority.

50. The decline in global demand and in the availability of capital, increased barriers to free trade and mounting debt posed a grave threat to the international trading and financial systems, which in conjunction with unstable capital flows and currency market volatility had further eroded the export competitiveness of developing countries. In order to serve as an engine of development, the international trading system should work towards removing barriers that prevented developing countries from fully participating in global trade. In that connection, his delegation welcomed the G-20 decision to renew its standstill commitment until the end of 2014, as well as its pledge to roll back any new protectionist measures.

51. On a more optimistic note, his country was pleased that South-South trade had rebounded in 2010 at a faster rate than anticipated and now accounted for 55 per cent of exports from developing countries and one fourth of world exports. The trend towards regional integration to promote economies of scale was another promising new development. His delegation

supported the UNCTAD prescription for stricter regulation of the financial sector and for a greater focus on income growth as the basis for sustainable and balanced development worldwide. It was pleased to note that the G-20 was actively pursuing those policy suggestions.

52. As commodities were key exports for many developing countries they were deeply concerned by growing commodity price volatility and its negative impact on global food and energy security. At the same time, increasing financialization and excessive speculation on commodity markets were aggravating economic instability for most developing countries, whose structural constraints left them dependent on trade as an engine of growth and development.

53. In that context, an enabling international environment should be fostered to address their limited trading options, and his country duly called for early implementation of duty and quota free access for the least developed countries. The Doha Round represented a valuable opportunity to make international trade a vehicle for growth and development, and all stakeholders should strive to achieve a fair, balanced and equitable outcome without delay.

54. Lastly, comprehensive reform of global governance was needed in order to address existing systemic weaknesses in the international financial and trading architecture. India had been working assiduously to ensure that developing countries were properly represented in the Bretton Woods institutions. It welcomed steps taken by both IMF and the World Bank to increase the voting power of developing countries in their governing bodies.

55. **Mr. Al-Mubarak** (Saudi Arabia) said that regional and international coordination was needed if developing countries were to effectively address global economic and financial challenges, including those posed by globalization, and achieve their economic goals. The international financial system must be strengthened and steps taken to ensure that developing countries enjoyed greater market access for their products in developed countries. The United Nations could also coordinate efforts to establish balanced economic relationships between developed and developing countries and encourage investment. In particular, the Economic and Social Council could play a key role in achieving internationally agreed development goals and promoting developing countries' ownership of their development initiatives. Efforts to reform global financial, monetary and trading systems should be carried under the auspices of existing institutions. Greater transparency in trade and financial transactions could bolster international financial markets and help to create global economic systems that were based on innovative partnerships between industrial and developing countries in which the principles of solidarity, justice, equity, reciprocal benefits and shared responsibilities played a key role.

56. Saudi Arabia was on track to achieve all Millennium Development Goals by the 2015 deadline, and would continue its efforts to help other countries to do so. Over the previous three decades, Saudi Arabia had provided over $100 billion in aid and loans on easy terms to a total of 95 countries to support projects in such key areas as health, education and infrastructure development, and had cancelled over $6 billion of developing countries' debts. Saudi Arabia strongly urged developed countries to honour their commitment to earmark 0.7 per cent of GNP to official development assistance (ODA).

57. Saudi Arabia strongly supported efforts to liberalize trade and had exerted considerable efforts to attract foreign investment. In a 2010 report by the World Bank, it was ranked eleventh out of 181 countries on the ease of conducting business. Saudi Arabia was the largest free market in the Middle East and its expanding economy, the twenty-third largest in the world, created 25 per cent of the Arab world's gross domestic product (GDP). With 25 per cent of proven global oil reserves, Saudi Arabia had gained considerable expertise in the area of energy consumption and, due to its strategic geographical location, was an ideal springboard for enterprises that sought to enter European, African and Asian markets.

58. The Saudi Arabian riyal was one of the most stable currencies in the world. Saudi Arabia placed no restrictions on currency exchange, foreign currency transfers or the repatriation abroad of profits earned within the country. Saudi Arabia had, moreover, acceded to bilateral instruments with a number of countries that provided safeguards for, and reduced tax burdens on investors.

59. **Mr. Wong** (Singapore) said that the Second Committee was meeting at a time of global uncertainty characterized by mounting sovereign debt,

unemployment and market volatility. In such an environment, the United Nations system was particularly well-poised to ensure that the interests of all countries, regardless of their wealth or size, should have a voice in seeking solutions to common challenges. For its part, his country had contributed to the process by organizing the Forum of Small States Conference, where a number of important issues had been discussed, such as the need for financial institutions to recognize the vulnerability of small countries to external shocks, as well as the need for greater cooperation to strengthen financial governance.

60. Greater cooperation and integration between the United Nations system and international groupings was needed in order for deliberations to be translated into effective actions on a global scale. In the case of the G-20, for example, the United Nations Secretary-General was now invited to all annual summits, such as the recently concluded Los Cabos summit, where several important outcomes had been reached, including commitments to reform the financial sector and to foster financial inclusion.

61. Greater inclusiveness and transparency should continue to be a priority. It was important that multilateral standard-setting initiatives which directly impacted non-G-20 countries should take place within inclusive and transparent formats. In addition, the G-20 should go beyond merely consulting with non-G-20 countries and find ways to incorporate their inputs into G-20 outcomes. As part of the Global Governance Group, his country would continue to pursue those goals.

62. There was likewise a need for change within the United Nations system, and his country had been outspoken about the need to modernize and improve its working methods in order to augment the delivery of services to Member States and to ensure policy coherence. Member States should work in a coordinated and efficient manner to find pragmatic solutions to ongoing global financial and economic problems, and they should then commit fully to implementing the decisions and resolutions of the United Nations. His country was a staunch supporter of the United Nations and would do its part to strengthen the Organization's role in global governance.

63. **Mr. Rodríguez Hernández** (Cuba) said that stakeholders must uphold their commitments to establish an open, just and equitable multilateral trading system. Although no progress had been achieved in the Doha Round and on issues that were of crucial importance to countries of the global South, Cuba strongly rejected attempts to impose artificial timetables on the Doha Round with a view to forcing it to a conclusion: such attempts were made with a view to abandoning development targets and imposing negotiating modalities that would negatively impact multilateralism. The international community must strive to ensure that transparency and inclusivity prevailed in trade negotiations, and must reject attempts by certain developed countries to impose their decisions on other WTO member States. In that connection, the single undertaking process remained paramount for developing countries if they were to safeguard their national interests and priorities, and the principle of special and differential treatment must be upheld fully and effectively. The world must, moreover, denounce attempts to strengthen non-tariff barriers that restricted or prevented access to technology on reasonable terms or market access for emerging exporters.

64. Trade-related problems could not be solved by exclusive clubs of countries that were unrepresentative, lacked legitimacy and had no mandate to make decisions for others. Many problems could not be solved under the existing international economic order, in which the more powerful sectors in rich countries exploited global trade to perpetuate inequalities that facilitated their control of the world. In that connection, steps must be taken as a matter of urgency to eliminate unilateral trading measures, including those imposed against Cuba by the United States of America as part of its economic, commercial and financial embargo, in clear violation of the United Nations Charter, international law and the letter and spirit of WTO agreements.

65. **Ms. Wang** Hongbo (China) said that weaknesses in the world economy were being exacerbated by turmoil in certain regions. The world must promote equitable and open trade and, in that connection, China commended the United Nations Conference on Trade and Development (UNCTAD) on its key role in promoting world economic growth, safeguarding the interests of developing countries, and promoting South-South cooperation and North-South dialogue. UNCTAD should continue its efforts to foster more balanced global development partnerships, and promote international financial reform with a view to

establishing effective global economic governance mechanisms and a fair, inclusive and orderly international economic system.

66. Effective multilateral trade mechanisms were key tools for promoting sustainable development. All parties must demonstrate maximum flexibility in trade negotiations in order to address the concerns of least developed countries and achieve a balanced outcome to the Doha Round.

67. China remained committed to South-South cooperation, the United Nations Millennium Declaration and the Monterrey Consensus. Since 2008, it had been the largest market for least developed countries, absorbing 23 per cent of their exports. Between 2000 and 2010, its imports from those countries had increased at an annual rate of 24 per cent and, in 2011, China had announced that it would provide tariff-free market access for 97 per cent of least developed countries' exports. Her Government had, moreover, taken action to rebalance its economy and strengthen domestic demand. As a result, imports were expected to exceed $8 trillion over the next five years, creating huge business opportunities for all countries.

68. Countries should redouble their efforts to liberalize trade and promote investment, and should enact comprehensive structural reforms to foster growth and create jobs. The sovereign debt crisis in Europe and growing deficits in certain developed countries constituted major threats to world economic recovery. In their efforts to sustain that recovery and underpin financial stability, developed countries must reject protectionism and seek a balance between short-term growth and medium-term fiscal consolidation. IMF should more closely monitor and analyse risk factors and macroeconomic policies adopted by developed economies that hosted global financial centres. Action should also be taken to more tightly regulate cross-border capital flows and the trade in commodity derivatives, and to improve regulatory mechanisms with a view to ensuring the stability of major reserve currencies.

69. International financial institutions must also be reformed so that they gave due consideration to the views and concerns of developing countries. It was regrettable that IMF had failed to ratify its 2010 quota and governance reforms and China urged relevant States to approve those reforms as a matter of urgency. The Fund should establish a mechanism to automatically adjust quotas pursuant to changes in the relative size of countries' economies, give greater responsibility to the Boards of Executive Directors, and enact reforms with a view to ensuring that the process by which the World Bank President was selected was transparent, competitive and merit-based.

70. China welcomed the Fund's reform package on financing instruments and mechanisms for low-income countries, commended the 2012 World Bank *World Development Report*, which had highlighted the role of employment in promoting growth and eradicating poverty, and hoped that the Bretton Woods institutions and the United Nations would strengthen policy dialogue and coordination with a view to establishing more effective mechanisms to facilitate capital flows to developing countries.

71. Since 2000, China had unconditionally cancelled a total of 30 billion yuan that had been owed by least developed and highly indebted poor countries. The international community must take urgent action to reduce or cancel developing countries' debts, which had reached approximately $4.5 trillion in 2011, and must establish fair, effective and pro-development debt restructuring mechanisms that respected the principle of national ownership of recipient countries.

The meeting was suspended at 11.50 a.m. and resumed at 12.05 p.m.

72. **Ms. Osoba** (Nigeria) said that trade liberalization and a universal, rules-based, open, non-discriminatory and equitable multilateral trading system were needed to foster economic growth and development. To that end, the Doha Round must be concluded at the earliest opportunity. Nigeria had implemented progressive economic liberalization policies with a view to enhancing domestic competitiveness; participated actively in multilateral trade negotiations at the regional and global levels; encouraged the transfer, acquisition and adoption of appropriate technologies; and supported regional economic integration and cooperation. Her Government had, moreover, formulated an inclusive economic transformation agenda that recognized trade and foreign direct investment (FDI) as key drivers of Nigeria's engagement with the global economy, and was striving to promote domestic economic diversification. Nigeria supported the African Union's decision to create an African continental free trade area and urged the global

community to support that initiative. South-South cooperation should also be encouraged with a view to diversifying and increasing the resilience of developing countries' economies.

73. The global financial and economic crisis had made it more difficult for many developing countries to achieve the MDGs. Holistic reform of the international financial system must be undertaken to enhance its responsiveness, resilience, transparency and capitalization. In the absence of reform, imbalances would continue to undermine developing countries' capacity to mitigate the effects of the crisis. Nigeria also called upon African banks to work together to find ways in which they could enhance their regulatory functions and intervene more effectively to minimize the impact of financial crises on African countries.

74. Concrete action, rather than mere promises to deliver, was needed to make up financial shortfalls. FDI must be increased and donors must honour their ODA commitments. Aid must, moreover, be development-oriented and complementary to other sources of financing in order to foster the self-sufficiency of beneficiary countries. The global community must also sustain the progress that had been achieved under the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative. Nigeria had established the Debt Management Office to promote responsible debt management, prudently finance Government deficits, foster responsible macroeconomic policy and strengthen Nigeria's borrowing capacity. Nigeria had also established a sovereign wealth fund with a view to lessening the impact of commodity price shocks on its economy, financing infrastructure projects and providing for future generations.

75. **Ms. Mpokosa** (Zambia) said that, as a result of the global financial and economic crisis, global unemployment rates had risen and trade finance had been curtailed. The poorest countries were finding it increasingly difficult to benefit from trade-financed programmes. Ongoing deadlock in the Doha Round was undermining the credibility of the multilateral trading system and could even exacerbate protectionism. Zambia therefore urged WTO member States to conclude the Round at the earliest opportunity.

76. In line with the Almaty Programme of Action and its efforts to foster trade, Zambia had prioritized infrastructure development in its national development plan for 2011 to 2015. Zambia was also working with regional groups to harmonize infrastructure development and trade programmes in Eastern and Southern Africa, including the Southern African Development Community, and the Common Market for Eastern and Southern Africa.

77. Debt sustainability continued to undermine many countries' development efforts and many least developed countries were under particularly high debt stress. Developing countries were exerting considerable efforts, however, to safeguard their economies and responsibly manage their debts, and the international community was providing technical and financial assistance to help them strengthen capacity-building and debt management. Debt relief freed resources that beneficiary countries could use to improve the well-being of their populations. Zambia had benefited from the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative, and resources that had formerly been earmarked for debt servicing had been reallocated to support poverty eradication and job creation, and promote sustained economic growth and development. That had enabled the country to make notable progress towards achieving the MDGs.

78. Countries must strike a balance between maintaining sustainable debt levels and accelerating socioeconomic development, which required significant resources and must be financed through grants and new loans. Zambia undertook an annual debt sustainability analysis to assess the feasibility of proposed loan commitments. Those analyses had consistently demonstrated that Zambia's debts would remain sustainable until at least 2030. The types of external assistance provided to Zambia would change markedly as the country transitioned from low- to middle-income status, and non-concessional financing for infrastructure development would rise as Zambia became ineligible for grants and other sources of concessional financing. Zambia would ensure that financial prudence remained integral to public finance management: non-concessional loans would be contracted only to finance economic projects that facilitated rapid growth or had high projected rates of return, including hydropower generation and road infrastructure projects.

79. **Ms. Robl** (United States of America) said that although many least developed and low-income

countries, particularly those emerging from conflict, had made inadequate progress towards achieving the MDGs, certain developing countries had succeeded in alleviating poverty at home and were becoming increasingly important trade and investment partners for other developing countries. Developing countries accounted for 47 per cent of global exports and were the source of more than 25 per cent of FDI. South-South development cooperation was estimated to have been worth $20 billion in 2010. Although certain stakeholders continued to base their approaches to development finance on outdated and inflexible distinctions between developed and developing countries, the Committee must seek to take into account recent shifts in the global development landscape.

80. The Monterrey Consensus clearly stated that ODA was a complement to other resource flows and, for least developed countries, it remained vital, particularly as their share of world trade remained marginal. However, in recent years, ODA had been dwarfed by other capital flows; although the United States had been the world's largest provider of ODA in 2010, a recent report by the Hudson Institute had estimated that ODA accounted for only 9 per cent of total financial flows from the United States to developing countries: American charities had provided $39 billion, private sector investment had reached approximately $161 billion, and remittances from the United States to developing countries had totalled nearly $96 billion.

81. Countries must be helped to unlock their domestic resources and mobilize private sector investment. To mobilize and leverage those resources, recipient countries must establish democratic and legal systems to provide investors and trading partners with broad market access and high standards of investment protection. The world must continue to strengthen the rules-based international trading environment and liberalize trade, including within the framework of WTO. In that connection, focusing on the elements of the Doha Declaration where short-term progress could be achieved could significantly reduce poverty and bolster development.

82. Access to debt financing and functioning debt markets enabled developing countries to make key infrastructure investments needed to diversify their economies and expand production. Their debts must remain sustainable, however, and through the Heavily Indebted Poor Countries Initiative, the Multilateral Debt Relief Initiative and other programmes, the international community had made every effort to ensure that debts of the most vulnerable countries remained at manageable levels. The decision taken at the G-20 Gleneagles Summit to cancel 100 per cent of eligible outstanding debts owed by qualifying heavily indebted poor countries to IMF, the World Bank and other institutions, coupled with additional relief from Paris Club creditors, was expected to reduce the debt burden on those countries by over 80 per cent. Creditor countries that were not members of the Paris Club should also explore additional measures for ensuring the sustainability of developing countries' debt levels. Sound and transparent debt management and responsible lending and borrowing by all parties would be crucial. In their search for innovative financing mechanisms, stakeholders must consider only mechanisms that were voluntary and truly additional. The United States could not and would not participate in any system that effectively imposed a global tax; decisions on taxation were a prerogative of individual States and were fundamental to self-determination and sovereignty.

83. The world must not duplicate efforts or create competing financing for development mechanisms. Instead, existing Monterrey and Doha follow-up processes should be enhanced. No time frame or agenda for a follow-up conference to Monterrey and Doha should be established prior to 2014, when the financing for the sustainable development process that had been agreed upon at the Rio+20 Conference would have been completed, the deadline for achievement of the MDGs approaching, and a new United Nations development agenda required.

84. **Mr. Samadou** (Niger) said that the restrictive trade practices and other non-tariff measures made it likely that raw materials would continue to make up the bulk of developing countries' exports. With the deadlock in the Doha Round, their only option for growth was a handful of regional and preferential bilateral and multilateral trade agreements. Although Niger was an oil and uranium producer, its landlocked developing status seriously impeded its development. It therefore called for the rapid and comprehensive implementation of the Almaty Programme of Action and the Istanbul Programme of Action as a matter of priority. Niger also urged developed countries to take further action to provide developing countries with

duty- and quota-free market access for their products, grant them concessions in the trade and services sectors, and support their efforts to achieve the MDGs and green their economies.

85. The debt burden on developing countries was acting as a brake on development. Debt relief was therefore a vital element in the development process. Niger commended action taken by certain developed countries to cancel the debts of least developed countries and help them avoid bankruptcy. Nevertheless, those countries' economies remained extremely fragile and the international community must continue to provide them with appropriate long-term assistance. Niger commended the United Nations on its efforts to promote sovereign debt restructuring and strengthen debt regulation mechanisms. It welcomed the initiative by Brazil, the Russian Federation, India, China and South Africa to establish a new development bank that could provide developing countries with a complementary source of development financing. Such new initiatives, however, must not undermine the importance of ODA, which would remain a key tool for countries striving to promote development and achieve the internationally agreed development goals, including the MDGs and the sustainable development goals.

86. Reforms were needed to give poor countries a larger stake in the international financial system and easier access to resources for development. In that connection, Niger welcomed measures adopted by the Bretton Woods institutions with a view to ensuring more equitable representation in their governance structures.

87. **Mr. Ueda** (Japan) said that the pace of economic recovery had slowed in many parts of the world and that many countries, including Japan, faced the challenge of simultaneously achieving economic growth and fiscal consolidation. In 2012, Japan had announced a comprehensive set of policies that included measures to promote medium- and long-term fiscal consolidation, including gradual increases in consumption taxes, and a new growth strategy that focused on the environment, health, agriculture, and small and medium-sized enterprises.

88. To further the role of the Bretton Woods institutions in sustaining the world economy, Japan had hosted the Annual Meetings of the International Monetary Fund and the World Band and made an additional contribution to IMF resources. IMF governance reforms and quota increases, agreed upon in 2010, must be ratified at the earliest opportunity if States' quotas and voices were to match their economic weight in the global economy.

89. The international community had a responsibility to sustain trade and investment, integrate developing countries into the multilateral trading system, promote economic growth and create and maintain employment. In that connection, Japan was implementing its 2009 pledge to provide $12 billion for trade-related assistance projects, and was committed to sharing its expertise in the area of aid for trade with stakeholders in other regions, especially in Africa.

90. Japan called on the international community to implement the outcomes of the Fourth High-level Forum on Aid Effectiveness, including the creation of a Global Partnership for Effective Development Cooperation, and urged the international community to recognize South-South and North-South cooperation as complementary means to achieve the same objectives.

91. The international community must avoid duplication among the financing for development process, the intergovernmental expert committee to be established pursuant to the Rio+20 Conference, and the post-2015 development agenda process, and must carefully consider whether new United Nations mechanisms in that area were strictly necessary, particularly as, following the Conference on the World Financial and Economic Crisis and Its Impact on Development, various measures had been adopted within the framework of existing United Nations mechanisms.

92. **Mr. Alibabaee** (Islamic Republic of Iran) said that the decline in global trade had had a severe impact on developing countries, which were suffering from declining export revenues, restricted access to trade finance, and reduced investments in economic diversification. The world required a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that would support growth, sustainable development and employment. The impasse in the Doha Round reflected wider tensions between globalization and national development priorities.

93. The United Nations could play a key role in addressing international trade and development issues, including the persistent systemic inequities in global economic relations and international financial and

monetary institutions that were so detrimental to the interests of developing countries. In that regard, his delegation stressed the need for continued support for their efforts to build their productive capacities and increase employment. It called upon the international community to fully support the activities of UNCTAD, which was the focal point for addressing trade and development issues, and the interrelated issues of finance, technology and investment.

94. Turbulence in global financial and commodity markets and widespread fiscal strains seriously threatened global economic recovery. The international community must continue its efforts to address systemic fragilities and imbalances. Global financial and economic governance mechanisms needed to be comprehensively reformed with a view to establishing an equitable, transparent and democratic system that would strengthen and broaden developing countries' participation in international economic decision-making and norm-setting. The United Nations was also a crucial forum for discussions on international economic issues and their impact on development, and could play a major role in efforts to reform the international financial system. However, in the light of their complementary mandates, it was crucial that the United Nations and international financial institutions sought to coordinate their actions.

95. **Ms. Al-Hadid** (Jordan) said that risks to financial stability had increased while growth had slowed in recent months, following a brief rebound in early 2012. Although the global economy was projected to grow by more than 3 per cent overall in 2012, and nearly 4 per cent in 2013, the global outlook continued to be overshadowed by persistent problems, including financial market volatility, continued pressure from sovereign defaults among developing countries, and the subsequent need for additional rounds of debt relief in poor indebted countries. In addition, many developing countries had been affected by a significant fall in remittances, exports and capital flows, while ODA flows were expected to decline as the result of stagnation in developed countries.

96. The importance of effective regulation and a sound financial system in supporting macroeconomic policies could not be overemphasized, as a healthy and developing financial sector was key to supporting balanced and sustainable economic growth. In that context, her country's economic programmes were aimed at maintaining macroeconomic stability through the implementation of fiscal, monetary and structural policies to address challenges while fostering high and inclusive growth. Its economy was among the most open in the Middle East; tourism receipts, remittances, foreign direct investment flows and external grants major elements of it. According to IMF projections, Jordan's economy would grow by 2.75 per cent in 2012, up from 2.5 per cent in 2011; the World Bank had predicted that economic growth would reach 5 per cent by 2015.

97. International trade had an important role to play in enhancing global economic recovery, but progress had been slow. In that regard, her delegation called for a successful and speedy conclusion to the Doha Round, and it stressed the need for the strengthening of the international trading system to be matched by corresponding steps in the multilateral and financial architecture. To that end, coordination between the United Nations system and all other multilateral financial, trade and development institutions should be strengthened in order to maintain macroeconomic policy coordination and a complementarity of efforts.

98. **Mr. Janjua** (Pakistan) said that a lack of decisive action by policymakers was exacerbating world economic and financial fragility. Global economic strains, depressed international trade and high debt levels were affecting rich and poor countries alike, and formerly resilient developing world economies were suffering the spillover effects of slowdowns in the developed world. Meanwhile, efforts to reform the international financial system had failed. The world must address the underlying causes of those difficulties, and must ensure that the international financial system served the real economy and efficiently mobilized and allocated resources to promote growth and sustainable development, particularly in developing countries. Developing countries must be allowed to play a more active role in the governance of international financial bodies, including the Bretton Woods institutions, on the basis of equality and fairness rather than economic weight. The global community must also strengthen those institutions so that they more effectively met the needs of developing countries.

99. There were worrying signs of growing trade protectionism. Major trading countries must take the lead to ensure a successful conclusion to the Doha Round. Pakistan remained fully committed to the development aspects of that Round and would continue

to seek ways to strengthen the rule-based multilateral trading system. Pakistan stressed the importance of aid for trade in enabling developing countries to increase productivity and move up the value chain.

100. Ways must be found to extend debt relief to countries that were ineligible under existing initiatives, and to consolidate debt relief that had already been agreed. Greater use should also be made of grants and concessional loans to ensure the sustainability of developing countries' debts. Pakistan called upon the international community to establish an appropriate mechanism to address the issue of sovereign debt restructuring. The United Nations should continue to lead efforts to strengthen the international financial, economic and trading systems.

The meeting rose at 1.05 p.m.